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A Patriot—Or a Profiteer?

Secord details Reagan's secret foreign policy. But major riddles remain

The nasal whine was irritating, the sarcastic tone infuriating, the repeated questions maddening. And finally the coolest of witnesses erupted into the full ire of a retired major general being pecked at by a lawyer. "Let's get off the subject," snapped Richard Secord. "I did not come here to be badgered."

But of course he had. As the first witness in what would be months of hearings on the Iran-contra scandals, Secord was a sort of appetizer for the 26 senators and congressmen of the two select committees joining forces for the inquest. Whatever he said was bound to be scrutinized endlessly; not one of the lawmakers would pass up a turn to quiz him on this first round before the cameras. By the end of four days of testimony, Secord had given a remarkably clear picture, both of Ronald Reagan's arms-for-hostages deal with Iran and of the secret airlift to supply the Nicaraguan rebels. But a lot of questions were left open, and Secord himself quitted the ornate Senate Caucus Room almost as enigmatic a figure as he was when he entered it. To his friends, he remained a selfless patriot who would pay a heavy price for serving his country. His critics called him a profiteer, trying to hide his greed.

Secord detailed most plainly what the committee chairman, Hawaii's Sen. Daniel Inouye, denounced as the administration's "covert foreign policy . . . working outside the system . . . accountable to no one." Secord called it "the enterprise," and it was run by a tight circle of undercover men with the blessings of CIA Director William Casey and national-security adviser John Poindexter. Lt. Col. Oliver North, the National Security Council spark plug who gave the orders, picked Secord as the "commercial cutout," a can-do operative who could keep secrets and handle logistics for both programs. The crucial role of Reagan himself remains blurry: Secord's secondhand impression was that the president was deeply committed to both operations and was kept fully informed about them, but he had no direct evidence. With his testimony, however, the legal meshes seemed tighter around men ranging from North and Poindexter to Secord's own associates and another former national-security adviser, Robert McFarlane. Secord himself looked foolhardy to some for having volunteered to testify without immunity. Though he insisted that his conscience was clear and he had done nothing illegal, lawyers said he might face as many as five criminal counts.

In the press, the hearings were largely

overshadowed by Gary Hart's purported womanizing and his withdrawal from the Democratic presidential race. They began with a dreary succession of opening statements by the lawmakers. But the appearance of Secord, a veteran of covert operations on three continents and former deputy assistant secretary of defense, brought high drama. He told an enthralling, matter-of-fact tale of clandestine meetings, coded messages, bureaucratic rivalries and secret bank accounts. It became a courtroom classic when Arthur Liman, the canny New York lawyer chosen as Senate chief counsel for the hearings, set out to challenge Secord's motives in accepting the job. Liman is widely admired for his cross-examining technique, and it proved both relentless and effective.

The sharpest exchange of the week came when Liman, boring in on \$8 million in profits from the arms deal still being held in foreign accounts by Secord's partner Albert Hakim, tried to suggest that Secord and Hakim regarded it as their own money. Secord, who had been getting increasingly testy at each mention of profit, exploded in frustration. "That's a different issue, Mr. Liman, as you well know," he said heatedly. There were still bills to pay, and "I'm not

focusing on it right now. I've got bigger problems to focus on than that. I've got a special prosecutor over here across the street that's trying to throw all of us in jail for performing our duty as we saw it. I haven't focused on some technical issue like you're bringing up here. This is crazy."

'Bad cop': Was the outburst a calculated flank attack? Certainly the question of the profit was no mere technical issue: Secord was trying to portray himself as a patriot who wanted only to help carry out the president's policy; he said he had renounced any claim to the money and might be willing to return it to the government—or, in another version, to give it to the contras as a memorial to Casey, who died last week (page 46). But that selfless image met a good deal of skepticism. Secord got notably gentle treatment in his first walk through the story with the House chief counsel, John W. Nields Jr. Now Liman was playing the "bad cop" cross-examiner. He would have taken the offensive in any case, but he wanted to push the case: Secord's career had been cut short by his association with the rogue CIA agent Edwin Wilson. Though Secord was never accused of any wrongdoing, a committee investigator says Liman believes strongly that he is a professional liar. In the end, the committee's assessment of Secord divided along party

lines, with Republicans in the main gentler. But Ohio Congressman Louis Stokes, a Democrat, spoke for some Republicans too when he guessed that Secord "is a little bit of both," patriot and profiteer.

For the most part, Secord's self-control under fire was awesome. He began his testimony by denouncing Attorney General Edwin Meese III for having "betrayed" the operation but settled in with stony calm and occasional flashes of humor. Once, asked whether he thought he could do whatever he liked with profits from the operation, he said he could and drew laughs with a glancing reference to the Hart affair: "But I did not go to Bimini." A lame pun fell flat when Secord called a donation to the rebels a "contra-bution." But his best lines concerned the Iranian middleman, Man-

ucher Ghorbanifar. Contradicting McFarlane, Secord said Ghorbanifar wasn't "the most despicable character I've ever met," just a businessman making a repulsive argument to make money. Once, he said, he got angry and threatened to "terminate" Ghorbanifar. The Iranian thought it was a death threat. "It's not a bad idea, but it's not what I had in mind," Secord said.

Frozen accounts: Secord's accounting of the funds from the Iran arms sales was by far the clearest yet, but it still left major questions. For openers, he said, the Iranians paid a total of \$30 million to Lake Resources, a Swiss corporate account controlled by Hakim. About \$12 million of this was used to pay the U.S. government for the arms that were sold, and \$3 million was paid for transportation and fees for middlemen. Another \$1 million went for three clandestine projects not

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related to either Iran or the contras (buying a ship for a secret mission, radio equipment for broadcasting into Cuba and expenses for drug agents trying to locate U.S. hostages in Lebanon). Secord said he couldn't account for \$2 million, and \$3.5 million had gone to the contras. Hakim kept the remaining \$8 million in Swiss accounts; these, Secord said, were among those frozen by the Swiss government at Washington's request.

But the Iranian money was only part of the funds channeled through the two operations. A partial transcript of Hakim's deposition shows a flow of \$48 million through the network's Swiss accounts since late 1984. Much of the accounting was vague, and large payments were unexplained. There is still no trace of a \$10 million contribution from the sultan of Brunei, which may have been put into the wrong account and stolen.

Other questions went straight to the profiteering point: if Secord was willing to give up his claim to the money, how did Hakim feel about it? (Secord said the committee would have to ask him.) Wouldn't his price-gouging on the arms deal infuriate the Iranians and risk mistreatment of hostages? (Secord didn't agree.) Since the funds had been raised by donations from U.S. citizens

and friendly governments, and by profits from sale of the government's weapons, how could the money belong to Secord and Hakim rather than the government? (Secord said the arms had been bought fair and square and any profit rightly belonged to "the enterprise," but GOP Sen. Warren Rudman of New Hampshire said the Justice Department would claim Hakim's accounts.) Secord said his own financial position was shaky. But he listed income

totaling \$360,000 for the past two years, and he and Hakim got a payment of \$425,000 from a Swiss institution run by an associate of Hakim. Secord described it as a loan but said no interest had been paid. And when he was pressed to sign a waiver permitting the committee access to the bank records in Switzerland, he said he might, but it would take him a few days to decide.

In sum, Secord was trying to maintain a delicate balancing act. In his telling, his

"enterprise" was a private venture, not part of the government, that was entitled to profit even on the arms it sold to the contras; he himself was not a government agent, and a memo from North describing him that way was "erroneous and wrong." Yet the whole venture, he said, had been started on North's initiative to promote Reagan's foreign policy; its huge markups were necessary mainly to ensure that it kept going. The profit motive was second-

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ary, especially to Secord. He renounced his share, he said, when he decided he would like to return to government service, perhaps as the CIA's head of covert operations.

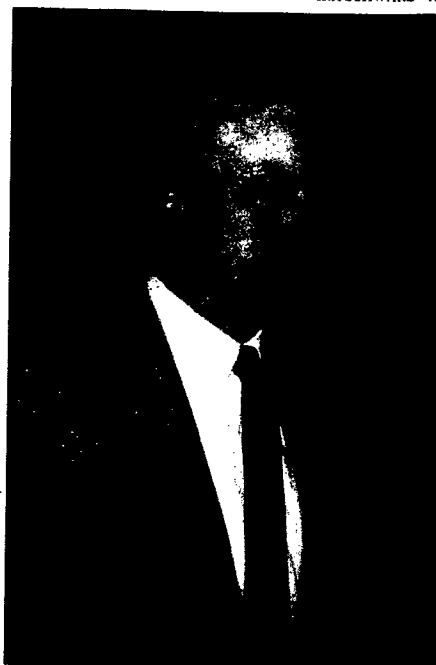
As some saw it, this deliberate ambiguity was a legal smoke screen meant to shield not only Secord but his official friends as well. If the venture truly was private and the funds were its own, their use on behalf of the contras would be legitimate, not a diversion. But even if that point were granted, it wouldn't be the end of Secord's legal risks. Lawyers said charges could be brought against him and the others for conspiring to violate the Boland amendment, which banned use of government funds in fiscal 1985 to help the contras. At first, Secord testified that it had never occurred to him that the secrecy of his operation was intended to hide the administration's role in the contra airlift from Congress. Later he conceded to Liman that "there's no question" that that was the aim but added: "That wasn't my decision. It wasn't my decision at all." And he insisted that the amendment allowed private funding for the contras.

Legal hurdles: The main private fund raiser, Carl (Spitz) Channell, had already pleaded guilty to conspiracy to defraud the government by misusing his foundation's tax exemption. Last week one of Channell's associates, Maryland businessman Richard R. Miller, pleaded guilty to the same charge; both named North as a coconspirator. North has not yet been indicted, but a flurry of secret court sessions last week indicated that he may be facing charges of contempt for refusing grand-jury testimony. Secord might also face tax-fraud charges for failing to tell the IRS that he controlled millions of dollars in Swiss accounts: as he told it to the committee, Hakim signed the checks but followed his orders. Secord could be accused of obstruction of justice if he shredded documents connected with the case after Meese began investigating or if he persuaded his secretary to change her testimony as to when the shredding was done. And if he has lied under oath, he could be indicted for perjury.

The question of who controlled Secord's enterprise, and how much help he had from government officials, put him on equally delicate ground. He made a point of telling how, at one point, he had ignored a directive from North to suspend the airlift to the contras. But it was clear that on most issues he did what North wanted done, and on some occasions North bypassed him: it came as a surprise to Secord to learn that in a reversal of the normal flow of money, North had persuaded contra leader Adolfo Calero to donate \$50,000 from contra funds to finance a private attempt to ransom the hostages in Lebanon. Secord told of three meetings with Casey, during which he asked for CIA



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KEN HEINEN

Conspirators? North, Richard Miller

support for his operations; he got some of what he wanted, he said, but by no means all. But it was Casey, he testified, who suggested that Secretary of State George Shultz could ask a friendly country for help. That reportedly resulted in the contribution from the sultan of Brunei.

Secord said he told Casey last year that when the Boland ban on CIA aid for the contras expired, he intended to turn over his aircraft and other assets to the agency. But Oklahoma Sen. David Boren, chairman of the Senate Intelligence Committee, countered that other witnesses had said Secord actually planned to sell the CIA what had been in effect its own assets. Boren noted pointedly that in Secord's version, there were no witnesses to

his offer except Casey, who is now dead.

There seemed little doubt that Casey knew, in considerable detail, what Secord was doing; and that raised again the question whether Casey had passed on the word to his close friend Ronald Reagan. Secord played that question ambiguously, too. In the early sessions he said flatly he had been told that the president knew. He testified that North had told him repeatedly of joking with Reagan about the irony of the ayatollah's money helping the contras and that Poindexter had told him at least twice that the president was pleased with his efforts; "I was told the president was being informed of all substantive matters." But later he stressed that he had no evidence and didn't know for sure, leaving the question to be posed again to witnesses closer to the Oval Office. One such witness, McFarlane, is scheduled to testify this week (page 40). Reagan himself, in one of his informal exchanges with reporters during the week, affably told them that Secord had been "misinformed."

'Too late': When word of the operations finally leaked, Secord discovered that the chronology of events being prepared by McFarlane had been changed to show that Reagan hadn't approved the arms sales. "There's something wrong here. This is 'expletive deleted,'" Secord told North. Later, when Reagan telephoned North to call him a hero after he had been fired, Secord, who was with North, tried to grab the phone to urge Reagan to hang tough and continue the operation. "But it was too late," he said. "He hung up. I wasn't fast enough."

In the end, Secord parted with the committee on good terms. Illinois Republican Henry Hyde told him, "I just have a visceral feeling that you and Ollie North are the kind of guys the country turns to when it's in real trouble." And certainly, his stand-up testimony contributed to the impression that he had nothing to hide. But what he had actually said left major questions: Had his operation, as Liman put it, "made money not just at the expense of the United States but at the expense of the contras"? If support for the contras was such a priority, why had Secord given them only \$3.5 million in arms profits while squirreling away \$8 million in Hakim's accounts? Secord testified, "I had to keep this operation going. I couldn't let it die." But why not, if the Iranian arms deal was the one-shot that Reagan says it was and if the CIA could legally take over support for the contras in October 1986? In so many words, Secord insisted: "No, sir. I was not trying to create my own CIA." What the hearings left open was what goal, short of that, his "enterprise" could serve.

LARRY MARTZ with RICHARD SANDZA,
ROBERT PARRY and
ANN MCDANIEL in Washington